



STATE OF MICHIGAN

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MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
LANSING

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Michigan State Housing Development Authority Notice of Funding Availability for MSHDA's Fiscal Year 2014-2015 Housing Education Program

MSHDA's Housing Education Program (HEP) announces the availability of funding for grants to provide housing education services for the period of July 1, 2014 through June 30, 2015. In addition to the requirements set forth in this document, applicants must also comply with the requirements established for MSHDA's Housing Education Program. **All grants to be awarded under this Notice of Funding Available) NOFA are contingent upon MSHDA Board approval, and subject to the availability of funds.**

Through this funding, MSHDA-approved counseling agencies will be able to respond to the housing needs of their clients and deliver a variety of housing education services that will assist them towards achieving their housing goals and establishing financial capabilities. This funding will support proposals designed to:

- Provide comprehensive Homebuyer Education in either a group or individual setting.
- Provide comprehensive Individual Education and Financial Capability to individuals seeking to purchase their home with a MSHDA Mortgage Product.
- Provide Homebuyer Education and Financial Capability Education to MSHDA's Rental Assistance Family Self Sufficiency (FSS) and Key to Own (KTO) participant.
- Provide comprehensive foreclosure related services to Michigan homeowners in need of this service, based on Michigan's foreclosure laws and timeline, Home Affordable Modification Program (HAMP) guidelines, and Michigan's Help for Hardest Hit Program.
- Focus on implementing best practices in the delivery of services as well as the quality of services provided.

About the Funding

The funds to support these services will include funds received by MSHDA's HEP, HUD grants, etc., or other funds that are made available to support MSHDA's HEP during the period covered by this NOFA. Should MSHDA acquire additional funding through the NFMC program, sub-grantees to provide those foreclosure services will be selected from agencies funded through this funding opportunity.

Funds will be disbursed with one half of the awarded amount being advanced to the agency once we have received a signed Agreement, and all relevant documents have been returned to MSHDA. A second payment will be made halfway through the funding program year, as long as the agency has submitted all required reports, and is in compliance with program guidelines. The second payment will not be made until the first half of the award has been expended.

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About the Need

Michigan's economic recovery, coupled with low mortgage interest rates, low housing prices, MSHDA down payment assistance funds and first time homebuyer grants make it an ideal time for Michigan residents to purchase a home. MSHDA strongly believes that homeowners are a stabilizing force in communities, because they typically live in communities over three times longer than those who rent. A financially capable consumer has the ability to sustain homeownership which ultimately has a positive impact on our communities.

Outlook for new homeowners is on the rise, therefore a growing number of clients will seek pre-purchase services, Michigan homeowners will need housing education services and reliable foreclosure assistance.

Over the past five years, non-profit agencies have seen a reduction, or elimination, of the funding that has historically been available to support portions of their housing education programs; these include Community Development Block Grant (CDBG) and HOME funds. MSHDA HEP funds will be utilized to retain highly skilled housing education staff to meet the continuing need of providing housing education to members of the communities they serve.

Applicant Eligibility and Requirements

Open to MSHDA's statewide network of housing education agencies that have an approved Partner Profile in MATT 2.0. Applicants funded through this NOFA will provide the housing education services described in the Funding Priorities section below. Requests should be based on the total cost to provide services outlined in the application and must be for a 12 month period running July 1, 2014 through June 30, 2015. Agency applications **cannot exceed \$50,000**.

Applicants must:

- Be a current approved partner agency of MSHDA's Housing Education Program.
- Be compliant with MSHDA/HUD/NFMC requirements.
- Be an Adopter and provide services in accordance with the National Industry Standards for Homeownership Education and Counseling.
- Have a demonstrated capacity to provide the services for which they are applying.
 - Applications will be evaluated on past sub-grantee performance as a MSHDA partner agency.
- If agency provides Pre-Purchase Education for which a fee is charged to the client, applicant must submit the agency's Fee Structure with their application.
- Have the ability to report activity and accomplishments using a HUD 9902, PAR's, Quarterly Report or similar document based on MSHDA's requirements.
- A detailed project budget is required as part of the application which demonstrates revenues and expenses for the operation of the agency's housing education program. Quarterly reports detailing actual use of funds, the number of homeowners assisted, household demographics and the outcomes achieved will also be required of all recipients of these funds.
- Have leveraged funds, other than MSHDA funds, which support the housing education program.
- Deposit MSHDA Housing Education Program funds into a separate account at its financial institution, and utilize funds appropriately based on their HEP Application for funding. If the account is interest bearing, the Grantee may use the earned interest for administrative expenses.

Funding Priorities

The amount requested by an eligible applicant cannot exceed \$50,000. Five percent (5%) of the applicant's requested grant amount will be added to the grant to support administrative expenses. For example, an agency requesting \$20,000 will be awarded an additional \$1,000 for a total grant award of \$21,000.

Applicant must adhere to MSHDA's HEP Policies and Service Guidelines when providing each of the service components outlined below.

Following is MSHDA's fee structure for the 2014-2015 Program Year. Applicants may elect to provide one or all of the following services funded under this NOFA:

Homebuyer Education

Applicants electing to provide Homebuyer Education are encouraged to coordinate MSHDA's Pre-Purchase Inspection funds for their eligible clients. See the section on Pre-Purchase Inspections below for further information.

Agencies will be reimbursed as follows:

- Individual - \$25 per household
- Lender Referral - \$25 per household
- Group - \$25 per household - maximum compensation of \$500 per workshop, based on attendance

Homebuyer Education (HBE) may be provided in a Group or Individual setting, using MSHDA guidelines. The curriculum must provide attendees with a good understanding of the following topics:

- Fair Housing and Fair Lending
- Housing Ratios (Front and Back End)
- Savings
- Mortgage Loans
 - MSHDA Products
 - MSHDA Pre-Purchase Inspections
 - Other Mortgage Products
- Basic Home Maintenance
- Credit Reports
- Budgeting
- Avoiding Predatory Lending
- Mortgage Closing Process
- Community Resources

Pre-Purchase Inspections

As outlined in the guidelines for MSHDA Homebuyer Education (HBE), applicants are expected to provide information about this program, which is available to all clients purchasing their home with a MSHDA Mortgage Product.

Agencies electing to provide Pre-Inspection Services will:

- receive \$50 from MSHDA for each client assisted;
- provide a list of at least 3 home inspectors to the eligible client. It is the client's responsibility to contact an inspector and arrange for the service to be performed;
- coordinate reimbursement to the inspector by one of two methods prior to services being performed
 - Pay inspector using agency funds, then submit Invoice to MSHDA for reimbursement
 - Pay inspector after agency receives payment from MSHDA.

Agencies that do not have the capacity to offer Pre-Purchase Inspections will:

- be required to form partnerships with other MSHDA agencies who do offer this service to clients; agencies may enter into a Memorandum of Understanding for this partnership at their discretion.
- be required to provide the agency providing this service a copy of the completed Household Profile for their client, at the time of the referral.

Each eligible client may receive funding up to \$750 as long as the inspection(s) are listed as a requirement in their Purchase Agreement. **MSHDA does not reimburse homebuyers for home inspection costs.**

The following Pre-Purchase services are only available to clients who are income eligible and appear to be mortgage ready within 12 months. Client must be pursuing a MSHDA mortgage product OR be a MSHDA FSS or MSHDA Key to Own (KTO) client referral. Review *MSHDA's Policy Manual and Counseling Service Guidelines* for specific requirements regarding each of the following services.

Pre-Purchase Individual Education

Agencies applying for funds to provide this service will receive \$25 per household on a per half-hour rate, not to exceed \$150.00.

These services are designed to meet the client's individual needs to address credit or debt issues in order to qualify for a MSHDA mortgage. The agency must use the 80/20 model and restrict services based on the client achieving identified goals prior to continuing services.

Financial Capabilities

Agencies applying for funds to provide this service will receive \$25 per household, per each of the eight (8) components, up to a maximum of \$200.00.

Topics to be covered during Financial Capabilities include the following:

- Mastering Money Management Skills
- Debt Reduction
- Banking Basics
- Insurance
- Developing a Spending Plan
- Improving Credit Ratios and Savings
- Consumer Protection
- Fair Housing and Fair Lending

Hardest Hit Application Intake

Applicants who provide this service to clients working with their agency to apply for Step Forward Michigan (SFM) assistance will receive \$150 for each completed application submitted to SFM for review.

A complete package means: 1) the status is a PASS, 2) all required documents have been signed and uploaded to the package, 3) and notes in the notepad have been updated reflecting why the package is ready for SFM review before submitting the application to SFM.

Foreclosure Services

Applicants currently receiving National Mortgage Settlement (NMS) Grant funds **must** base their application for MSHDA HEP Foreclosure Services on activity occurring after NMS funds have been exhausted.

Applicants who elect to provide these services may provide them in a group or individual setting and bill for levels of service as follows:

- Intake – Agency will receive \$50 for each completed client packet of required documents to begin triage assessment (details of Intake requirements can be found in MSHDA's Foreclosure Services Guidelines).
- Education Workshop – Agencies will receive \$25 per household for this service providing group workshops to clients outlining basic understanding of foreclosure. These may include a brief introduction of your agency's services, your credentials (e.g. HUD, MSHDA, NISHEC, etc.) and explanations of Michigan's Foreclosure Timeline and Foreclosure Options. All required Intake documentation must be obtained in order to receive funds for this service.

- Individual Counseling – The agency will receive \$200 per household. These services will be based on each individual needs and require the counselor to review the cause of the mortgage and/or property tax delinquency, identify the client's need and/or hardship and provide the homeowner with an understanding of possible options. These services will focus on each homeowner's particular situation. Relevant workout package submission documentation must be included in the client file to demonstrate what the agency is billing MSHDA for.

Application Deadline and Process

The application deadline is April 15, 2014 by 5:00 p.m. EST. All qualified applicants must complete the application found in MATT 2.0. Any required documents or supporting materials must be uploaded in MATT 2.0. Please note **CHARACTER COUNT LIMIT** shown at the end of each question.

Paper submissions or incomplete applications will not be reviewed.

Questions

Any questions regarding the NOFA must be submitted in writing and emailed to the attention of Tara Gilman at gilmant@michigan.gov.

Important Dates & Information

Submissions received after the closing date of this grant will not be considered for funding.

Grant submissions will be reviewed within 30 days of the close of this application and **Award announcements will be made by no later than May 30, 2014.**